

**TESTIMONY OF
CLARENCE J. SILVIA
PRESIDENT AND CEO
THE HOSPITAL OF CENTRAL CONNECTICUT
BEFORE THE
APPROPRIATIONS COMMITTEE
Thursday, March 11, 2010**

**GOVERNOR M. JODI RELL'S MARCH 1, 2010 DEFICIT MITIGATION PLAN FOR FISCAL
YEAR 2010**

My name is Clarence Silvia and I am the President and CEO of The Hospital of Central Connecticut. I am testifying today on **Governor M. Jodi Rell's March 1, 2010 Deficit Mitigation Plan for Fiscal Year 2010.**

I appreciate the opportunity to testify to you today. The Hospital of Central Connecticut is the focal point for health care services in the central Connecticut region. We provide comprehensive health care services, including inpatient, acute, emergency and outpatient services to the community 24-hours a day, 7-days a week without regard to the ability to pay. Our hospital has a history of providing quality services which the residents of central Connecticut depend on. We are also the largest employer in New Britain and together with our campus in Southington, employ over 2,200 individuals. The communities depend on us, not only for the health care we provide but, for the economic impact we have in the region. The cuts outlined in the Governor's Mitigation Plan poses a serious threat to our ability to continue to meet the needs of our community.

The plan that has been presented to you includes cuts to Medicaid rates, cuts to the Urban DSH Funds, restrictions in the definitions of medical necessity and the imposition of copayments (which are often uncollectable) under Medicaid. These reductions will result in a cut of \$3,228,000 to The Hospital of Central Connecticut. We are also being negatively impacted by the Administration's inaction regarding the SAGA budget which was required by statute. This inaction has resulted in an additional cut of \$4,023,534 in SAGA reimbursements to The Hospital of Central Connecticut and \$1,711,170 in Medicare DSH payments.

In total, the proposed reductions will result in a cut of \$8,962,754 for The Hospital of Central Connecticut. This will seriously impact our ability to provide the services the community needs and materially weakens our ability to continue to deliver the quality of care that our patients expect and deserve. To make matters worse, this reduction comes at a time when the hospital is facing a budget deficit of \$6 million for fiscal year 2010. This budget deficit is being caused ironically by a marked deterioration in our payer mix (proportional increase in Medicaid) as well as a lower than expected census due in significant part to a difficult economic climate and an increase in the number of uninsured. The staggering losses on our Medicaid book of business that Connecticut hospitals have endured for many years have put us in an extremely fragile economic condition even before the current financial crisis occurred. Hospitals serve as not only the most important safety net for health care services in the state but are also the key economic engine in our respective communities. To effectively punish hospitals through this budget mitigation plan given these circumstances is in our sincere view both short-sighted and counterproductive.

The financial situation and the continued underfunding from Medicaid are untenable. Increased cost shifting to the commercially insured population is also counterproductive especially in this climate. We not only are experiencing a loss in our operations, but as a consequence are not able to spend the dollars required for equipment and upgrades that are needed. These cuts will only exacerbate the very serious financial situation that our hospital faces.